

WASHINGTON, DC - U.S. Rep. Charlie Melancon voted again today in support of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act (H.R. 2206), commonly referred to as the new Iraq/Katrina Supplemental Appropriations bill. The final bill provides \$6.419 billion in hurricane recovery and relief funding for Louisiana and other Gulf Coast states and waives the 10% local match required for disaster recovery projects. The President indicated today that he would sign the Supplemental if it is also passed by the Senate. May 24, 2007

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"Louisianians have been crossing their fingers and hoping for this hurricane recovery money for far too long," said Rep. Melancon. **"After several attempts, it appears we finally have a bill that both Congress and the President support, and help is on the way at last for the people of south Louisiana still struggling to rebuild."**

"The Emergency Supplemental provides over \$6.4 billion in hurricane recovery funding for the Gulf Coast, including \$1.3 billion for levees in south Louisiana and relief for our fishermen, schools, colleges and universities, and local governments. We are also removing a huge roadblock to Louisiana's recovery: the 10% local match required for disaster recovery projects like rebuilding schools and removing debris. This bill fully waives the local match and takes a huge burden off of our cash-strapped local governments that are struggling to rebuild."

Rep. Melancon continued, **"I want to thank the House leadership for staying true to their word that they would keep all of our hurricane recovery needs in the final supplemental bill. With their commitment and support, today we are taking a huge step forward in our recovery in south Louisiana. I will keep working with the rest of our delegation to make sure our most critical needs - hurricane recovery, hurricane protection, and coastal restoration - all remain national priorities and we get the help we deserve from our government."**

Among the hurricane recovery needs Rep. Melancon had called for that are included in this latest version of the supplemental bill are: a waiver of the 10% local match required for FEMA disaster recovery projects, language allowing Hurricane Rita and Katrina community disaster loans to be forgiven, direct disaster relief for Gulf Coast fishermen, \$1.3 billion in funding for construction of the levee protection system on both the east and west bank in New Orleans and surrounding parishes, money for K-12 teacher recruitment and higher education assistance, the extension of a federal grant program for critically needed social services, and billions in funding for FEMA disaster recovery grants.

The bill also includes \$99.5 billion to fund the wars in Iraq and Afghanistan, which is over \$4 billion more than the President requested. \$3 billion is included for Mine Resistant Ambush Protected Vehicles, which have specially designed bottoms that help deflect the force of roadside bombs, the principal killer of U.S. forces in Iraq. An additional \$5 billion is also appropriated to ensure that returning troops and veterans receive the health care that they have earned with their service.

Finally, the bill includes provisions increasing the minimum wage by \$2.10 over two years, to \$7.25 an hour. It also includes a \$4.8 billion package of small business tax relief, which is fully offset.

Specifically, the supplemental includes the following provisions and funding to assist Louisiana and other Gulf Coast states with hurricane recovery:

\$110 Million for Fisheries Disaster Assistance. This includes \$85 million for fisheries disaster assistance programs, including the first substantial direct relief for shrimpers since the 2005 storms. It also includes \$24 million for scanning and mapping as well as debris removal in Louisiana's traditional fishing grounds and \$1 million to improve forecasting for maritime navigation at high priority seaports along the Gulf.

Waiver of Local Match for Disaster Recovery Projects. The supplemental includes language waiving for Katrina- and Rita-affected communities provisions of the Robert T. Stafford Act that require localities to match 10 percent of the cost for disaster recovery projects before the remaining 90 percent is filled by the federal government. This language requires the federal government to pay 100% of the disaster recovery projects, which include emergency sheltering, repair of public buildings, debris removal, and assistance to individuals.

Shortly after the House Katrina Working Group was formed in February, Rep. Melancon joined Majority Whip Clyburn in introducing legislation -- the Hurricane Katrina and Rita Federal Match Relief Act of 2007 -- to waive this local match requirement. FEMA has already provided approximately \$7.5 billion in Public Assistance grants to communities affected by Katrina and Rita, and this number will continue to rise as the recovery continues. Removing the state and local match for federal assistance grants would allow Louisiana to invest an estimated additional \$1.2 billion in critical needs, such as repairing our police stations, fire stations and other important infrastructure. The local match requirement has been waived 32 times since 1985 when per capita rebuilding costs have been excessive.

\$1.433 billion for East and West Bank Levee Protection in New Orleans and Surrounding Parishes. Rep. Melancon urged House appropriators to include this additional levee money in the supplemental bill after he learned that the Army Corps was facing a budget shortfall on critical south Louisiana levee projects due to increased labor and material costs in the region. The President's request originally proposed taking money from other hurricane protection projects in order to make up the shortfall, but Rep. Melancon and House appropriators agreed that direct funding would better ensure that all critical hurricane protection projects have enough money. \$1.3 billion of the funds will go to Louisiana to cover the identified shortfalls in levee repair work in New Orleans and the surrounding parishes. Another \$25.3 million is specifically provided to the Southeast Louisiana Urban Flood Control Project (SELA) for crucial flood control and drainage projects in New Orleans and surrounding parishes. An additional \$107.7 million is appropriated to Mississippi for hurricane storm damage reduction, flood damage reduction and ecosystem restoration.

Community Disaster Loan Forgiveness (estimated value: \$320 million). Rep. Melancon asked House appropriators to add a provision to the supplemental making Katrina- and Rita-affected communities eligible for Community Disaster Loan forgiveness. The loans were provided by the federal government to hurricane-affected local governments immediately following Katrina and Rita to help them continue daily operations, such as payroll for law enforcement and emergency responders. Many local governments do not have the ability to repay this massive debt, as their tax bases were devastated by the storms. Rep. Melancon has argued that, in the past, CDs have been forgiven following many other major disasters, including Hurricane Andrew and the September 11th terrorist attacks. The Stafford Act has historically required forgiveness of such loans when independent audits determine the fiscal recovery of affected local communities is insufficient to repay the loans after a three-year grace period. Congressional budgeters estimated this loan forgiveness would relieve Katrina and Rita affected local governments of \$320 million in debt they don't have the tax base to repay.

\$4.1 Billion For the FEMA Disaster Relief Fund (DRF). The DRF funds FEMA disaster recovery grants, which are used for vital recovery projects like repairing sewage and water treatment facilities; rebuilding public buildings like schools, firehouses, and police departments; and hauling away debris from the storm. In Louisiana alone, there are over 23,000 of these public assistance projects to repair and rebuild public buildings and infrastructure.

Extension Of FEMA Utility Subsidy Program For Essential Parish Employees (estimated to be valued at \$10 million). (identical to H.R. 858, which Rep. Melancon introduced in early February). Will extend for one more year FEMA's authority to reimburse parish governments for the cost of paying utility bills for essential government employees still working and living in temporary housing (i.e., FEMA trailers). Devastated parish governments have used this program as an incentive to encourage essential employees, such as law enforcement officers, to stay in the community and continue working for the parish.

\$30 Million For K-12 Education Recruitment Assistance And \$30 Million For Higher Education Assistance. This funding provision will provide much-needed emergency funding to schools and institutes of higher education in Louisiana and other hurricane-affected states along the Gulf Coast. The purposes and concept are similar to a longer-term recovery bill Rep. Melancon joined House Education and Labor Committee Chairman George Miller in introducing in early March, The Revitalizing New Orleans by Attracting America's Leaders (RENEWAAL) Act of 2007. The RENEWAAL Act provides incentives to qualified teachers and principals that stay in or return to hurricane-impacted public schools and commit to work there for at least three years. The bill will also assist these educators with relocation costs to move back, housing and student loan forgiveness. In addition, higher education institutions that are still struggling with the aftermath of Hurricanes Rita and Katrina would receive help in recruiting and retaining faculty and students. The funding in the emergency supplemental will be used for the same purposes.

Extension Of Education Waiver. (identical to H.R. 1262, which Rep. Melancon introduced in early March). This language will extend a federal waiver for one more year - until September 30, 2008 - that gives school districts impacted by Hurricanes Katrina and Rita more flexibility in drawing down and utilizing federal money for recovery efforts. Specifically, the waiver will allow schools to continue to use state money for the 10% local match required by FEMA in order for them to be eligible for the 90% federal reimbursement for recovery projects. The bill will also allow school districts to use federal funds appropriated by Congress in the Defense/Emergency Supplemental Appropriations bill (H.R. 2863) to pay for expenses state money would normally be used for, such as teachers' salaries and school operational needs. Last fall, Rep. Melancon was an original co-sponsor of successful legislation that extended the waiver until September 30th, 2007.

\$20 Million for Disaster Mitigation at NASA facilities along the Gulf Coast. The bill includes \$20 million for disaster mitigation activities at NASA facilities in the Gulf Coast region. The bill also allows NASA to use up to \$48 million in previously appropriated funding to replenish Shuttle/International Space Station programs, which NASA used to pay for immediate repairs to NASA facilities after Hurricanes Katrina and Rita.

Strengthens Tax Incentives For Building Affordable Rental Housing In Hurricane-Affected Areas Of The Gulf Coast (estimated to be valued at \$237 million).

The supplemental also strengthens tax incentives for building affordable rental housing in hurricane-affected areas of the Gulf Coast. Key provisions in the Katrina Housing Tax Relief Act of 2007, which Rep. Melancon co-sponsored and spoke in support of when the House considered it last month, were included in the supplemental:

- **The GO Zone housing tax credits were extended for an additional two years,** making the deadline for units to be inhabited December 31, 2010 instead of the end of 2008. At a hearing in March, the Ways and Means Committee had learned that one of the key problems regarding housing in the Gulf Coast region was that the 2008 deadline might not be met in some hard-hit areas.

- **Language included preventing Community Development Block Grants from being taken into account** in determining whether a building is federally subsidized under the low-income housing credit provisions of the GO Zone Act. Federally subsidized properties receive a smaller credit than those that are not subsidized, so this provision ensures that developers could get the larger credit. This would apply to property built and inhabited by December 31, 2010.

- **Expanding access to low-income financing for home repairs and reconstructions in hurricane-affected areas of the Gulf Coast.** Mortgage Revenue Bonds are tax-exempt bonds that the state and local governments issue through housing finance agencies to help fund low-interest mortgages for low to moderate income, first time homebuyers. MRB proceeds can also be used to pay for rehabilitation of buildings over 20 years old so long as 50% of the walls are retained. This provision would help homeowners in the Gulf Coast region by waiving the 20 year and existing walls rules to allow buildings damaged by Katrina and Rita to qualify for rehabilitation using MRB proceeds so long as the repair or reconstruction is 25% or more of the basis of the residence. This provision applies to financing provided before the end of calendar year 2010.

Housing Disaster Voucher Program Extension. The Supplemental includes a general provision extending the Disaster Voucher Program until December 31, 2007. The Disaster Voucher Program was created in the Hurricane Katrina Supplemental in 2005 and was set to expire Sept. 30, 2007. The Supplemental extends the program, but does not address funding, because senior HUD officials have assured Congress that they will obligate any remaining funding (approximately \$80 million) by the expiration date of Sept. 30, 2007. The remaining funding will be obligated by Sept. 30, 2007 and the funds can be used until December 31, 2007.

Maintains Pre-Hurricane Allocation Levels for Section 8 Housing Vouchers. The U.S. Department of Housing and Urban Development Section 8 Housing program provides rent vouchers for low-income families. Basing Louisiana's 2007 allocations on the 2006 post-storm population numbers would be disruptive to the affordable housing in Louisiana. This provision will hold Section 8 voucher allocations in hurricane-affected areas at pre-storm levels to ensure that enough vouchers are available for displaced residents that may be returning.

Hurricane Housing Program Fungability Extension. This provision extends until December 30, 2007, a waiver allowing public housing authorities in the most hurricane-impacted areas in Mississippi and Louisiana the flexibility to combine separate funding streams (Section 8 and Section 9) to assist tenants primarily in reconstruction and rehabilitation efforts.

Social Services Block Grant Extension (estimated to be valued at \$150 million). The \$150 million in SSBG grants already appropriated will be available for hurricane-affected areas along the Gulf Coast for two extra years, until September 30, 2009. SSBG funding provides critically needed social services including programs for mental health, child welfare, and the treatment of addictive disorders.

\$50 Million to Help State and Local Law Enforcement Curb Crime. This funding is provided for local law enforcement initiatives in the Gulf Coast region related to the aftermath of Hurricanes Katrina and Rita.

Extension of GO Zone Small Business Expensing (estimated to be valued at \$9 million). The provision extends for one year (through December 31, 2008) increased

expensing for qualified Section 179 GO Zone property in hurricane affected parishes, including Plaquemines and St. Bernard. Qualified property is personal property used in an active trade or business. A business may currently expense \$212,000, but the amount is decreased if a business has bought more than \$1.05 million in qualified property. This provision increases the expensing limit and phase-out level for 2007 to \$225,000 and \$1.1 million, respectively, for property placed in service after December 31, 2007 and before January 1, 2009.

\$25 Million For Small Business Administration (SBA) Economic Injury Disaster Loans.

Access to capital remains an impediment for the over 125,000 Gulf Coast businesses that were damaged or disrupted by Hurricanes Katrina and Rita. The bill provides \$25 million to the Small Business Administration for additional SBA Economic Injury Disaster Loans for Gulf Coast businesses. *The proposal is estimated to have no revenue effect as it comes from existing funds in the SBA Disaster Loan Account.*

\$35 Million for Transportation Rebuilding. This bill includes \$35 million in transit assistance for Katrina- and Rita-impacted communities. Funds are available for either capital or operating costs including projects like LA Swift. It is a grant program to be administered by the Federal Transit Authority.

\$10 Million for Historic Preservation. \$10 million is appropriated for historic preservation in the hurricane affected areas of Louisiana.

\$11 million for HUD and FEMA Inspector General offices, to increase scrutiny of hurricane recovery dollars.

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